GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2881
ANSWERED ON:02.08.2002
RBI STUDY ON INDUSTRIAL SICKNESS
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Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India`s study had pointed out that management failureis responsible for 65 per cent of the industrial sickness than labour which is only three per cent;

(b) if so, the details thereof;

(c) whether the Government propose to take any remedial measures to improve the industrial health on the basis of this report; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a)&(b) : The Reserve Bank of India (RBI) has informed that it has not conducted any studyon industrial sickness in the recent past. However, on the basis of Annual Returns submitted bythe scheduled commercial Banks, in respect of 3317 non- 551 (5icklWeak units) as at the end of March 2001 (latest), RBI noticed that 42.3% of the industrial sickness has been contributedby project management deficiencies in implementation, production, labour, marketing, financial and administrative factors out of which 3.4% was due to project management deficiencies in labour.

(c)&(d): RBI has issued detailed guidelines covering all areas of industrial rehabilitation viz. detection of industrial sickness at initial stage, identification of sicklweak units, carrying out viability study of the units, extension of reliefs and concessions to viable units, co-ordination among banks and financial institutions and among banks themselves, extended period for repayment/rescheduling of loans, conversion of debts into equity, single window concept of lending, interest rate concession and waiver of penal rate, liquidated damages.